



Department of Health Care Services
MEMORANDUM

DATE: February 22, 2013

TO: Tribal Chairpersons, California Indian Health Programs and Urban Indian Organizations

FROM: Sandra "Sam" Willburn, Chief, Primary and Rural Health Division 

SUBJECT: Notice of Proposed Change to Medi-Cal Program

The purpose of this memo is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment, waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

Medi-Cal Managed Care Rural County Expansion Waiver Amendment: In accordance with Assembly Bill 1467 (Chapter 23, Statutes 2012), the 2012-13 State Budget Act authorized the expansion of Medi-Cal managed care to Medi-Cal beneficiaries residing in 28 rural California counties who currently receive Medi-Cal services on a Fee-For-Service (FFS) basis. Approximately 386,000 Medi-Cal beneficiaries will make the transition from FFS to Medi-Cal managed care in these rural counties on June 1, 2013. DHCS will be submitting a waiver amendment request by March 31, 2013 to implement this expansion. Please see the enclosed summary of the Medi-Cal Managed Care Rural Expansion for a detailed description and contact information for questions and comments.

QUESTIONS AND COMMENTS:

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this proposal within 30 days from the receipt of this notice. Comments or feedback may be sent by mail or email to the address below:

Department of Health Care Services
Medi-Cal Managed Care Division
Policy and Contracts Section
1501 Capitol Avenue, MS 4415 P.O. Box 997413
Sacramento, CA 95899-7413
ATTN: Carrie Allison
Carrie.Allison@dhcs.ca.gov

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In addition to this notice, DHCS plans to cover this waiver in the next quarterly Medi-Cal Indian Health webinar. Please note that Indian Health Programs and Urban Indian Organizations may also request a consultation on this proposal at any time as needed.

Enclosure

**Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division
Medi-Cal Managed Care Rural County Expansion Waiver Amendment**

Background:

DHCS administers the Medi-Cal managed care program in accordance with federal and state law and regulations which includes special protections for American Indians in managed care that are located in the American Recovery and Reinvestment Act of 2009 and state regulations in the California Code of Regulations.

The DHCS contracts for health care services through networks of providers organized as managed care systems. The managed care systems are administered by health plans. Approximately 4.9 million Medi-Cal beneficiaries in 30 counties receive their health care services through three models of Medi-Cal managed care as described below.

1. **County Organized Health Systems (COHS):** In COHS model counties, DHCS contracts with a health plan created by the County Board of Supervisors
2. **Geographic Managed Care (GMC):** In GMC counties, DHCS contracts with several commercial health plans
3. **Two-Plan Model (TPM):** In most TPM counties, there is a "Local Initiative" and a "commercial plan." DHCS contracts with both plans

Description of Waiver Amendment Request and Effective Date:

In accordance with Assembly Bill 1467 (Chapter 23, Statutes 2012), the 2012-13 State Budget Act authorized the expansion of Medi-Cal managed care to Medi-Cal beneficiaries residing in 28 rural California counties who currently receive Medi-Cal services on a Fee-For-Service (FFS) basis. Approximately 386,000 Medi-Cal beneficiaries will make the transition from FFS to Medi-Cal managed care in these rural counties on June 1, 2013. DHCS will be submitting a waiver amendment request by March 31, 2013 to implement this expansion.

The 28 Medi-Cal managed care rural expansion counties are Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Lake, Lassen, Mariposa, Modoc, Nevada, Mono, Placer, Plumas, San Benito, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, and Yuba.

DHCS intends to implement the expansion through contract(s) with managed care health plans. A Request for Application was issued inviting interested health plans to submit formal applications in November 2012. Applications were due to DHCS on January 22, 2013. Health plans that submitted applications were required to have previous experience serving Medicaid beneficiaries, including diverse populations, experience partnering with public and traditional safety net health care providers, and experience working with local stakeholders, including consumers, providers, advocates, and county officials on health plan oversight and in the delivery of care. Health plans were required to show recent successful experience administering managed care in a rural area. Health plans that pass the application and interview process will be issued an "Intent to Award" in March 2013.

DHCS is currently conducting a stakeholder process to ensure that beneficiaries, health care providers, and Medi-Cal managed care health plans have an opportunity to provide input into the managed care delivery model and to help ensure a smooth transition for beneficiaries. Stakeholder meetings will continue throughout the implementation of this expansion effort.

The effective date of this waiver amendment will be June 1, 2013

Impact to Indian Health Programs and Urban Indian Organizations:

Impact on Indian Health Programs

Indian health program operations may be impacted by this proposal depending on the model of managed care selected in each county and the program's participation in managed care. Further information about the TPM, COHS, and GMC managed care models and sample health plan contracts can be viewed at <http://www.dhcs.ca.gov/services/Pages/Medi-CalManagedCare.aspx>.

Impact to Indian Medi-Cal Beneficiaries:

Impact on Indian Medi-Cal Beneficiaries If Residing in COHS Model Counties:

All Medi-Cal beneficiaries, including American Indians, residing in COHS model counties are required to enroll in the COHS plan. However, COHS plans may not restrict access to Indian health programs for these members. American Indian beneficiaries may receive services from an Indian health program either within the COHS provider network, or out-of-network.

Impact on Indian Medi-Cal Beneficiaries If Residing in Non-COHS Counties:

Indian Medi-Cal beneficiaries may be exempt or disenrolled from managed care health plan enrollment at any time to receive health care services through an Indian health program.

Impact to All Indian Medi-Cal Beneficiaries:

American Indians receiving Medi-Cal services directly from an Indian health program are not charged enrollment fees, premiums, and are not subject to cost sharing arrangements (e.g. deductibles, copayments).

Response Date:

Indian health programs may submit written comments or questions concerning this waiver amendment within 30 days from the receipt of this letter. Comments may be sent by email to Carrie.Allison@dhcs.ca.gov or by mail to the address listed below:

Department of Health Care Services
Medi-Cal Managed Care Division
Policy and Contracts Section
MS 4415, 1501 Capitol Avenue, Suite 71-4020
P.O. Box 997413
Sacramento, CA 95899-7413
ATTN: Carrie Allison